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ABSTRACT

The Job Training Partnership Act's Out-of-School Youth program (OSY) was audited to determine whether participants' reported outcomes for positive terminations were accurate and fully documented and what impact program interventions had on participants' post-program earnings. Program services and outcomes were audited for 499 OSY participants at 34 randomly selected Service Delivery Areas. Findings indicated that positive program outcomes that were sufficiently documented were significantly lower than those reported; a significant number of entered unsubsidized employment terminations were reported in error and others were in question; documentation supporting youth employability enhancements was seriously deficient; participants' post-program earnings were affected by program interventions and level of participants' participation; post-program earnings were directly impacted by the type of training a participant received; and almost half of the training activities to address participants' barriers were not completed. (Appendixes include primary criteria for youth employability enhancements; sampling plan for the audit; and Deputy Assistant Secretary's response to the draft report.) (YLB)

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JOB TRAINING PARTNERSHIP ACT TITLE II-C OUT-OF-SCHOOL YOUTH PERFORMANCE AUDIT

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Office of Inspector General
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ACRONYMS AND ABBREVIATIONS

BST	Basic Skills Training
CFO	Chief Financial Officer (U.S. Department of Labor)
CFR	Code of Federal Regulations
DOL	Department of Labor
EMP	Entered Unsubsidized Employment
ENT	Entered Non-Title II Training
ETA	Employment and Training Administration
FY	Fiscal Year
GED	General Equivalency Diploma
GPRA	Government Performance and Results Act of 1993
HS	High School
ISS	Individual Service Strategy
JS/JR	Job Seeking/Job Retention Skills
JTPA	Job Training Partnership Act
MIS	Management Information System
MLE	Major Level of Education
OIG	Office of Inspector General
OST	Occupational Skill Training
OSY	Out-of-School Youth
PEWM	Pre-Employment/Work Maturity
PIC	Private Industry Council
PY	Program Year
RTS	Returned to Full-Time School
SDA	Service Delivery Area
SPIR	Standardized Program Information Report
SPRA	Social Policy Research Associates
WE	Work Experience

ACRONYMS AND ABBREVIATIONS

(Cont'd)

WIA	Workforce Investment Act of 1998 (Public Law 105-220)
YEC	Youth Employment Competency

EXECUTIVE SUMMARY

Because one of the Secretary's top Fiscal Year (FY) 1999 priorities was youth services, the Office of Inspector General (OIG) audited the Job Training Partnership Act's (JTPA) Title
II-C out-of-school youth (OSY) program's performance for Program Year (PY) 1997, July 1, 1997, through June 30, 1998, the last PY of outcomes information available at the time we began our audit.

Our audit objectives were to determine:

- whether out-of-school youth participants' reported outcomes for positive terminations were accurate and fully documented (see finding 1); and

- what impact program interventions had on participants' post-program earnings (see finding 2).

With respect to our first objective, we determined that positive reported outcomes for 46 percent of the participant sample (228 of 499) we evaluated were not documented. This determination is not intended to imply that only documented outcomes are valid positive outcomes. Some of the outcomes that were not documented may have, in fact, been attained. However, unless a reported outcome is documented, the outcome's veracity is not certain.

In our opinion, based on the significance of the rates of positive outcomes that were not documented, the OSY outcomes rates reported by the Standardized Program Information Report (SPIR) and included in the PY 1997 Chief Financial Officer (CFO) Report are significantly lower than reported. The JTPA Title II-C OSY program's true effectiveness is probably somewhere between the Employment and Training Administration's (ETA) reported rates and the OIG's documented successes; i.e., positive outcomes are lower than ETA reported, and some of the outcomes the OIG found not to be documented were no doubt attained. However, unless the outcomes are documented, the true effectiveness of youth training programs cannot be determined.

Performance information cannot be relied upon for decision making and other purposes unless it is known to be accurate. The performance information included in the Department's CFO Report was prepared pursuant to the Government Performance and Results Act (GPRA), which was enacted in part to improve congressional decision making by having agencies objectively inform Congress of Federal programs' results.

To ensure reported data are reliable, GPRA requires that agencies establish means to validate measured values that are presented in the annual performance report. ETA recognizes the importance of being able to substantiate its externally reported information and has initiated a data validation study of information reported under the Workforce Investment Act (WIA), which replaced JTPA. Had such measures been in place for the Title II-C performance information we audited, our results probably would have been different. However, neither ETA nor the grantees consistently applied procedures to assure the validity of the data we audited, and we found significant discrepancies between what was reported and what we could substantiate.

Actions must be taken by all parties -- the service deliverers, Workforce Investment Boards, states, and the ETA -- involved in the current WIA program to verify youth performance outcomes to ensure they are accurate and fully consistent with WIA regulations and GPRA requirements.

Related to our second objective, youth who participated in occupational skills training (OST) activities had earnings in the 2 years following termination that were twice the level of those who did not participate in OST. In addition, for those OST participants who completed the activity, post-program earnings for the 2-year period after termination were 69 percent higher than for those who did not complete the OST activity.

Also related to our second objective, we tried to determine whether: (1) the Individual Service Strategy (ISS) was being used to provide training or services to specifically address participants' employment barriers; and (2) the provided interventions impacted post-program earnings. While the majority of participants were enrolled in activities to address their barrier to employment, the participants did not complete approximately half the activities.

We recommend the Assistant Secretary for Employment and Training:

- Notify all states and substate WIA grantees of the audit results and emphasize the necessity for states and their grantees to validate outcomes data as part of their monitoring programs and training provider eligibility determinations.

- Emphasize to the states and substate grantees the importance of documenting not only reported outcomes but also specific services provided, dates services were provided, and **actual** program exit date -- date of last activity.

- Include in ETA's monitoring program a review of the states' and substate WIA grantees' implementing such a data validation effort.

- Emphasize the importance of the WIA program's not only enrolling youth in occupational skills training activities, but also finding ways to keep them actively participating in the program to completion, to maximize their post-program earnings.

ETA's Response to Draft Report and Auditor's Conclusion

The Deputy Assistant Secretary agrees that performance results must be credible. The Deputy Assistant Secretary indicated that *if the reality or the perception is that the programs are not reporting accurately, the system's integrity is at stake. Therefore, the Employment and Training Administration (ETA) is committed to developing clear, precise, and feasible standards for documenting program outcomes. ETA's new data validation initiative is attempting to create both more precise programming specifications and also more precise standards for validating data quality.*

The OIG will continue to provide input and assistance to the ETA in an effort to ensure the integrity of the reported data.

ETA's detailed response and auditor's conclusions are included at the end of each finding. In addition, the Deputy Assistant Secretary's complete response is included as Appendix III.

BACKGROUND

At the beginning of Fiscal Year (FY) 1999, the Secretary of Labor included youth services as one of her top priorities. At that time, youth training and related services under the Department of Labor's (DOL) auspices were provided under the Job Training Partnership Act (JTPA); yet, Public Law 105-220, the Workforce Investment Act (WIA), signed August 7, 1998, had already been enacted to replace the JTPA program effective July 1, 2000. With the imminent demise of the JTPA program and the beginning of the WIA program with its heavy emphasis on serving youth, the Office of Inspector General (OIG) decided to conduct a performance audit of the JTPA, Title II-C, Out-of-School (OSY) program.

We performed this audit of the JTPA OSY program because even though JTPA was being phased out, the WIA still includes youth programs and still requires performance reporting. The OIG had not previously conducted a performance audit of the JTPA OSY program and believed that the audit results could be beneficial to DOL management in assessing where the WIA program could make improvements in administering and reporting on the WIA youth programs.

Beginning July 1, 2000, adult and youth training programs administered by the Department under JTPA Titles II and III changed to WIA Title I programs. The purposes of the WIA Title I programs are identified in Subtitle A, Section 106, which established the WIA program's primary objectives. Program managers use these objectives to establish the new program's goals and performance measures. As stated in the WIA:

> *The purpose of this subtitle is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce. . . .*

Likewise, the JTPA, as amended, stated that one of its purposes was to:

> *. . . establish programs to prepare youth . . . facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency. . . .*

JTPA, Title II, Part C, provided year-round training and employment programs for youth -- both in-school and out-of-school -- to improve their long-term employability, skills, or

transition to other education or training. We limited our audit to the Title II-C OSY component, which is required by the Act to serve at least 50 percent of the total Title II-C program participants in each service delivery area.

An **out-of-school** youth was defined at Title 20 Code of Federal Regulations (CFR), Part 628.803:

> *(a) An out of school youth is a youth who does not meet the definition of in-school youth as set forth in paragraph (b) of this section. An out-of-school youth shall be eligible to participate in programs under this subpart, if such individual is:*
>
> *(1) Age 16 through 21, and*
>
> *(2) Economically disadvantaged.*
>
> *(b) . . . In-school youth means a youth who has not yet attained a high school diploma and is attending school full time.*

20 CFR 628.803 (h)(2) further defined out-of-school youth as *a youth who has attained a high school diploma or an equivalency, is habitually truant or is attending an alternative school program.* Such programs may be operated either within or outside of the local public school system and can offer either a high school diploma or equivalency.

With WIA's major emphasis on performance outcomes and the Government Performance and Results Act of 1993 (GPRA) requirement for Federal agencies to annually report their programs' outcomes, the validity and veracity of future WIA performance outcomes data is not just a necessity, but a requirement.

WIA regulation 20 CFR, Part 667.300(e) provides:

> *Annual Performance Progress Report. An annual performance progress report for each of the three programs under title I, subpart B is required by WIA sec. 136(d).*
>
> . . . . . .
>
> *(2) States submitting annual performance progress reports that cannot be* ***validated or verified as accurately counting and reporting activities*** *in accordance with the reporting instructions, may be treated as failing to submit annual reports, and be subject to sanction. . . .* [Emphasis added.]

The GPRA requires program managers to establish performance goals and systems to verify and validate the numbers reported. The GPRA states:

> *(a) In carrying out the provisions of section 1105(a)(29), the Director of the Office of Management and Budget shall require each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency. Such plan shall-*
>
> > *(1) establish performance goals to define the level of performance to be achieved by a program activity;*
> >
> > *(2) express such goals in an objective, quantifiable, and measurable form unless authorized to be in an alternative form under subsection (b);*
>
> *(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;*
>
> *(4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;*
>
> *(5) provide a basis for comparing actual program results with the established performance goals; and*
>
> *(6) describe the means to be used to* ***verify and validate measured values****.* [Emphasis added.]

As demonstrated from these WIA and GPRA authorities, the veracity of reported performance outcomes is imperative.

Performance measures for the Title II-C Youth Program

In addition to the adult standards in the JTPA, Section 106(b)(3) (e.g., placement in unsubsidized employment), Section 106(b)(4) provided additional factors for youth standards. In summary, per Standardized Program Information Report (SPIR) instructions, positive outcomes used in calculating performance measures for OSY included:

- placement in unsubsidized employment -- minimum 20 hours per week, or
- attained at least one of the following four employability enhancements:

1. Youth employment competency (must complete two of three competencies defined by the Private Industry Council (PIC)).

2. Return to full-time secondary school.

3. Completed major educational level -- secondary or post-secondary.

4. Entered non-JTPA Title II training.

See appendix I for the Primary Criteria for Youth Employability Enhancements.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objectives were to determine:

- whether out-of-school youth participants' reported outcomes for positive terminations were accurate and fully documented (see finding 1); and
- what impact program interventions had on participants' post-program earnings (see finding 2).

Our audit universe included youth who:

- received a positive termination from the program -- either entered unsubsidized employment or attained an employability enhancement -- between July 1, 1997, through June 30, 1998, and
- were identified in SPIR as out-of-school at the time of enrollment.

Using PY 97 SPIR data, we identified an audit universe of 35,323 participants who met these audit criteria.

We audited program services and outcomes for 16 randomly-selected youth at each of 34 randomly-selected Service Delivery Areas (SDA) – a sample size of 544 participants. However, not all selected SDAs had 16 participants who met the out-of-school criterion; therefore, the audit sample was reduced to 510 out-of-school youth participants. As a result of our audit work, we identified 11 of the 510 sampled participants who were really in-school youth, reducing the final sample to 499 participants.

Our audit procedures included, but were not limited to:

- comparing selected SPIR data (e.g., services received, reported outcomes, etc.) with information obtained from reviewing the SDAs' participants files,
- reviewing participants' files for documentation of services and outcomes reported (including types of training provided to participants),
- interviewing SDAs' staff regarding participant file information,
- evaluating and comparing SPIR definitions to states' and SDAs' definitions,

- reviewing states' wage files or obtaining employers' confirmations to confirm reported entered unsubsidized employment outcomes, and

- analyzing and comparing training activities to reported outcomes and participants' earnings for 24 months (8 quarters) after termination from the program.

We conducted our audit in accordance with Government Auditing Standards for performance audits issued by the Comptroller General of the United States.

We began our fieldwork on August 4, 1999, and completed it on April 4, 2000.

Audit procedures used to complete the review were not designed or intended to give an opinion on the adequacy of internal or program controls covering performance reporting at the local, state, or Federal level.

FINDINGS AND RECOMMENDATIONS

1. Documented Reported Positive Program Outcomes for the JTPA Title II-C Out-of-School Youth Program Were Significantly Lower Than Those Reported.

Our audit of the PY 1997 JTPA Title II-C OSY program revealed that positive program outcomes that were sufficiently documented were significantly lower than those outcomes reported on the SPIR and in the Chief Financial Officer (CFO) Report. Our determination that some outcomes were not adequately documented is not intended to imply that only the documented outcomes are valid positive outcomes. Some of the outcomes that were not documented may have, in fact, been attained. However, unless a reported outcome is documented, the outcome's validity is not certain.

Reported positive outcomes for 46 percent of the participant sample (228 of 499) we evaluated were not substantiated by evidence; i.e., the outcomes were either invalid or not properly documented. While we found this significant rate of undocumented outcomes, we are not implying that ETA has misrepresented youth program outcomes; ETA reports what the states report to ETA. While some of the reported outcomes in question may be the result of poor record keeping, other questionable outcomes were, in fact, invalid outcomes.

It is also not the intent of this report to damage either the WIA program reforms ETA is attempting to implement or future youth programs. However, it is intended to alert ETA to a very serious problem that must be fixed to ensure that only documented WIA program outcomes are reported. Otherwise, the WIA program's success will never be really evaluated. ETA has indicated it takes this issue very seriously and will work to improve the documentation issue.

Inadequate documentation of positive program termination status

The 499 sampled terminations we examined included 401 participants who were reported as entering unsubsidized employment (EMP); however, only 258 of the 401 EMP terminations (64 percent) met the positive outcome reporting criteria. (See part A of this finding.) The remaining 98 terminations were participants reported as having attained a youth employability enhancement. Only 13 of these 98 (13 percent) participants' files had adequate documentation to support the enhancement termination. (See part B of this finding.)

Inadequate documentation of overall employability enhancements

ETA not only reports the youth program's overall positive terminations but also provides outcomes statistics by outcome type -- entered unsubsidized employment or obtained

employability enhancement(s). Therefore, SDAs can report one or more youth employability enhancements for participants regardless of their termination status; i.e., a participant who was reported for overall outcomes reporting as having entered unsubsidized employment could also have one or more SPIR-reported employability enhancements.

For the 499 sampled participants, the SPIR reported 308 employability enhancements for 283 participants. Our evaluation revealed that only 27 percent of both individuals (75 of 283) with reported employability enhancements and total employability enhancements (84 of 308) were adequately documented. (See part B of this finding.)

The OSY program we audited was operated under the JTPA which has now been replaced by the WIA. Regardless of the enabling legislation, JTPA or WIA, youth programs are ongoing and performance outcomes will continue to be reported against established standards. The question to be answered is whether the reported outcomes can be validated and relied upon by ETA for GPRA reporting.

The JTPA, Section 165 provided:

> *(a) (1) Recipients shall keep records that are sufficient to permit the preparation of reports required by this Act. . . .*
>
> . . . . . .
>
> *(c) Each State, each administrative entity, and each recipient . . . receiving funds under this Act shall --*
>
> . . . . . .
>
> *(2) prescribe and maintain comparable management information systems . . . designed to facilitate the uniform compilation, cross tabulation, and analysis of programmatic, participant . . . data. . . .*
>
> . . . . . .
>
> *(d) (1) The reports required . . . shall include information pertaining to . . .*
> *(B) the activities in which participants are enrolled, and the length of time that participants are engaged in such activities;*
> *(C) program outcomes . . . for participants. . . .*
>
> . . . . . .
>
> *(e) The Governor shall ensure that requirements are established for retention of all records pertinent to all grants awarded . . . including . . .* ***participant records and supporting documentation****. . . .* [Emphasis added.]

WIA regulation 20 CFR, Part 667.300(e) provides:

> *Annual Performance Progress Report. An annual performance progress report for each of the three programs under title I, subpart B is required by WIA sec. 136(d).*
>
> . . . . . .
>
> *(2) States submitting annual performance progress reports that cannot be* ***validated or verified as accurately counting and reporting activities*** *in accordance with the reporting instructions, may be treated as failing to submit annual reports, and be subject to sanctions. . . .* [Emphasis added.]

The GPRA requires that program managers establish performance goals and systems to verify and validate the numbers reported. The ETA will be using state reported outcomes to report the outcomes of the WIA program for GPRA purposes. The GPRA states:

> *(a) In carrying out the provisions of section 1105(a)(29), the Director of the Office of Management and Budget shall require each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency. Such plan shall-*
>
> *(1) establish performance goals to define the level of performance to be achieved by a program activity . . .*
>
> . . . . . .
>
> *(4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;*
>
> *(5) provide a basis for comparing actual program results with the established performance goals; and*
>
> *(6) describe the means to be used to* ***verify and validate measured values****.* [Emphasis added.]

As these criteria demonstrate, JTPA was specific that activities and outcomes should be documented, and both the WIA program regulations and the GPRA emphasize the necessity of having performance outcomes data that can be validated/verified. We found reported outcomes for the JTPA Title II-C OSY program did not meet this validation/ verification standard.

Table 1.1 summarizes the overall audit results for reported performance outcomes terminations and youth employability enhancements.

Table 1.1 Comparison of Reported Versus Verified Outcomes			
Outcomes Reported	Reported	Verified	Percent
Entered Unsubsidized Employment Terminations (performance related) - See finding part A.	401	258	64.3%
Youth Employability Enhancement Terminations (performance related) - See finding part B.	98	13	13.3%
Total Employability Enhancements (including 98 that were performance related) - See finding part B.	283	75	26.5%

A. A significant number of entered unsubsidized employment terminations were reported in error and others are in question.

Of the 401 participants in our sample who were reported in the SPIR as entering unsubsidized employment, only 258 (64 percent) reported placements were verified as a program outcome. As table 1.2 on the following page shows, we validated 238 placements for participants who received services beyond objective assessment. We were able to verify an additional 20 placements, but we were unable to verify that these 20 enrollees participated in a valid program activity even though counselors' notes or management information system (MIS) forms indicated there may have participated beyond objective assessment.

In our opinion, the remaining 143 reported entered unsubsidized employment outcomes were either not properly reported or are questionable for outcomes reporting based on our review of participants' case files data, states' wage records, and employer contacts. Table 1.2 on the following page identifies the specific reasons why the OIG questions these reported outcomes.

Table 1.2
Analysis of 401 Participants Reported As Entered Unsubsidized Employment

Placements Verified		
Placements verified	238	59.4%
Placements verified but inadequate support for program activity	20	5.0%
Total verified placements	258	64.3%
Placements Improperly Reported to ETA		
No state wage record - employer confirmed did not employ	38	9.5%
MIS reporting error, no placement recorded in participant file	1	0.2%
Participants received no services other than objective assessment [1]	21	5.2%
Placements were beyond 90 days past last documented program	36	9.0%
Total placements improperly reported	96	23.9%
Placements in Question		
No state wage record - unable to contact reported employer	32	8.0%
Worked for employer prior to or during JTPA enrollment	15	3.7%
Total placements in question	47	11.7%
Total placements improperly reported or in question	143	35.7%

As shown above, 38 participants did not have wage records and employers confirmed with the OIG that they did not employ the individuals. In our opinion, failure to verify placements through two sources of information - wage records and employer confirmation - was significant evidence that the participants were not employed. Consequently, when both sources indicated no employment occurred, we considered the outcomes invalid.

For the 32 participants with no wage records and for whom we were unable to contact the employers -- no response to phone calls, unable to locate, or did not return written

[1]We did not include in our audit universe or sample any participants which the SPIR showed as receiving only objective assessment, regardless if the termination status was "entered unsubsidized employment." In computing performance outcomes, ETA does not include such individuals in its computations since they received no other services. The individuals included in this category of "placements improperly reported to ETA" were included in ETA's outcomes analysis because the SPIR reported activities for them other than objective assessment and also reported that they entered unsubsidized employment. We found no evidence in the participants' files to indicate they received any services other than objective assessment.

confirmations -- it is possible that some of these participants worked for the employers but for whatever reason the employers failed to report wages. However, with no wage records for these 32 participants and our not being able to contact the employers, in our opinion, these outcomes are in question.

For the 21 participants we indicated received only objective assessment, we did an exhaustive review of each participant's file, and there was no indication in these files that any services were received beyond objective assessment.

For the 36 participants for whom entered unsubsidized employment outcomes were reported more than 90 days after last activity, in our opinion, these cases were not simply record keeping issues where SDAs may not have been diligent about documenting program activities and services. The 90-day rule is in place to attempt to relate post-program employment to JTPA services. It is common practice among SDAs -- and has been reported in other audit reports on the JTPA program -- to keep participants enrolled in the program for long periods of inactivity until they obtain employment, then terminate them and report an entered unsubsidized employment outcome.

Regarding the 15 participants who worked for the employer prior to or during JTPA enrollment, we took prior employment information from the participants' own files, not from wage records. The employment at issue had nothing to do with JTPA involvement.

B. Documentation supporting youth employability enhancements was seriously deficient.

We reviewed documentation for 308 youth employability enhancements reported for 283 of the 499 sampled participants regardless of the type of positive termination reported for the participants. We found only 27 percent of the enhancements to be adequately documented.

Although only 98 participants' termination status was reported as having attained an employability enhancement, these 98 participants accounted for 105 reported employability enhancements. An additional 185 participants whose termination status was reported as having entered unsubsidized employment also accounted for an additional 203 reported employability enhancements.

Table 1.3, on the following page, shows that the documentation to support reported employment enhancements was seriously deficient.

Table 1.3
Undocumented Youth Employability Enhancement Terminations and Youth Enhancements Claimed for Participants Entering Employment

Reportable [2] Enhancements	Reported Enhancement **Terminations (98)**			Enhancements Attained Regardless of Termination		
	Reported	Undoc.	Percent	Reported	Undoc.	Percent
Youth Employment Competency	68	57	83.8%	203	160	78.8%
Major Education Level	28	23	82.1%	91	51	56.0%
Returned to Full-time School	5	5	100.0%	5	5	100.0%
Entered Non-Title II Training	4	4	100.0%	9	8	88.9%
Total Enhancements Reported	105	89	84.8%	308	224	72.7%

For the 98 participants whose termination status was attained employability enhancement, only 16 of the 105 (15.2 percent) reported employability enhancements were adequately documented. For all 283[3] participants for whom employability enhancements were reported, only 84 of 308 (27.3 percent) of the enhancements were documented. The following discussions relate to the four specific reportable enhancements shown in the previous table 1.3.

1) Youth Employment Competency (YEC) Enhancement

Of the 203 YEC enhancements reported, 160 (78.8 percent) were not adequately documented in accordance with ETA's reporting instructions.

To receive credit for the YEC enhancement, the participant must successfully complete two of the three following competencies **in which they were deficient at the time of enrollment**:

a. Pre-Employment/Work Maturity (PEWM),
b. Basic [Education] Skills Training (BST), or

[2]Participants may attain more than one enhancement while enrolled in the program.

[3]Includes the 98 participants for whom "attained employability enhancement" was the reported termination status.

c. Occupational Skill Training (OST).

The SPIR Format, Appendix A, page 52, provided the criteria used during the audit to evaluate the completion of the YEC activity.

> *Competency gains must be achieved through program participation and be tracked through sufficiently developed systems that must include: quantifiable learning objectives, related curricula/training modules, pre- and post-assessment, employability planning, **documentation**, and certification.* [Emphasis added.]

Pages 46 and 48, paragraph B6, of the same document cited above, contained the following documentation requirement:

> *A sufficiently developed youth employment competency system must include the following structural and procedural elements:*
>
> *6. Documentation*
>
> * *Maintenance of participant records and necessary reporting of competency-based outcomes to document intra-program learning gains achieved by youth.*

Specific PEWM competency requirements were identified on page 49 of the document.

> *In order for an attainment to be reported in the area of pre-employment work maturity, at least one PIC-certified competency statement must be developed/quantified in each of . . . 11 core competencies – provided that at least 5 of these learning objectives were achieved during program intervention. . . .*

Table 1.4 on the following page shows the combinations of how the grantees reported the YEC enhancements to the DOL.

Table 1.4
Youth Employability Competency Enhancements Reported Outcomes Compared to Enhancements Documented in Participants' Files

YEC Enhancement Combinations	Reported Per SPIR	Documented In Files Per Audit	Undocumented	
			Number	Percent
PEWM/BST/OST	24	1	23	95.8%
PEWM/BST	59	16	43	72.9%
PEWM/OST	106	22	84	79.2%
Total Competencies Which Included PEWM as Part of YEC	189	39	150	79.4%
BST/OST	14	4	10	71.4%
Overall YEC Results	203	43	160	78.8%

YEC enhancements represented 66 percent (203 of 308) of the reported OSY employability enhancements. As demonstrated in table 1.4, by far (189 of 203) the most reported YEC enhancements included the PEWM competency component. The remaining employability enhancements were the combinations of BST and OST.

As table 1.4 shows, the YEC enhancement which included the PEWM component accounted for 150 of the 160 questionable YEC enhancements. The PEWM competency was the questionable component in 143 of the 150 questionable reported YEC enhancements that contained the PEWM competency.

- Nine participants' files (6.0 percent) indicated the **participant had passed the pre-test;** therefore, the participant should not have been enrolled in PEWM.

- Eleven participants' files (7.3 percent) had **no evidence that a pre-test was ever given** to the participant.

- Fifteen participants (10.0 percent) **did not successfully complete** the PEWM even though successful completion was reported on the SPIR. In 4 of these 15 cases, the auditee's MIS did not report PEWM as an activity.

- Fifty-five participants' files (36.7 percent) contained **inadequate documentation to support the successful completion** of the PEWM intervention. In 29 of these 55 cases, the auditee's MIS did not report PEWM as an activity.

- Fifty participants' files (33.3 percent) had no evidence to support either the participants' **enrollment in, or completion of,** the PEWM intervention. In 30 of these 50 files, the auditee's MIS did not report PEWM as an activity.

- Three participants' files (2.0 percent) indicated the participants were **not in JTPA Title II-C activities**.

Another seven participants' files showed the PEWM outcome was a successful completion; however, the YEC enhancements were questionable because the BST and/or OST segments of the YEC enhancement were not supported.

While the JTPA requirements and complexity of documenting the PEWM competency may lead to documentation and record keeping deficiencies, in our opinion, the problem with the PEWM competency goes beyond just documentation issues. As previously stated, we evaluated the attainment of the PEWM competency based on ETA's requirements.

2) Completed Major Level of Education (MLE) Enhancement

To report an MLE employability enhancement, the SDA was required to document that the participant actively participated in JTPA for 90 days or 200 hours prior to completion and successfully completed, as a result of JTPA activity, one of the two following criteria:

a. must have earned a general equivalency diploma (GED) or high school (HS) diploma or equivalent at the secondary level, or

b. obtained a written certification of post-secondary level completion.

Out of 91 reported MLE enhancements for our participant sample, 51 (56 percent) were not supported. We found:

- Twenty-one participants' files (23.1 percent) **did not document fulfilling the time requirement** of 90 days or 200 hours of active JTPA participation prior to completion.

- Six participants' files (6.6 percent) **did not complete the MLE activity** in which they were enrolled. Additionally, four of these cases did not fulfill the time requirements.

- Seven participants' files (7.7 percent) **had no evidence to support enrollment in an MLE activity**. In one of these cases, the auditee's MIS did not report MLE as an activity.

- Seventeen participants' files (18.7 percent) **did not include enough documentation to determine attainment of the MLE youth enhancement**.

The following two examples demonstrate invalid MLE enhancements that were reported as positive outcomes.

Example 1. Participant was a 20-year old high school graduate assessed with a sixth grade reading skill level and a fourth grade math skill level. He was enrolled in JTPA Title II-C basic skills training for approximately 4 months, Title II-B summer youth work experience program performing janitorial work for 2 months, and a Title II-C computer class for 1 month.

He completed the computer class **unsatisfactorily**. Consequently, the instructor told him to either repeat the class or re-enroll in basic skills training. The participant did not comply and was subsequently terminated because of his lack of interest and failure to maintain contact with the program.

Yet, he was erroneously reported as having attained the youth employability enhancement of "achieved a major level of education," a positive youth enhancement termination. This participant did not satisfactorily complete his training, nor did he (1) earn a GED/HS diploma or equivalent at the secondary level, or (2) obtain a written certification of completion at the post-secondary level, a requirement to claim the MLE enhancement.

Example 2. The SDA reported this participant as having "achieved a major level of education." His SPIR records also indicated the participant completed the basic education skills component of the youth employment competency.

The participant's file indicated he completed 100 hours training in "other employment skills," but file documentation was not adequate to verify training or completion. The file contains no reference to his attaining basic education skills or completing a major level of education. SDA personnel agreed that the participant did not participate in these activities and indicated these outcomes were improperly checked on the forms.

While there is no documentation standard to which SDAs are held, there are standards that must be met to report an MLE outcome. Unless the attainment of that standard is documented, there is no assurance the outcome was attained.

3) Returned to Full-Time School (RTS) Enhancement

In order to report the RTS employability enhancement, SDAs were required to document that the following criteria were met:

a. the youth returned to full-time secondary school, if, at time of intake, youth was not attending school, exclusive of summer, and the youth had no high school diploma or GED, and

b. prior to JTPA termination, the youth had been retained in school one semester or 120 calendar days prior to termination, and the youth was making satisfactory progress in school.

None of the five RTS youth enhancements reported met the documentation requirements for the following reasons:

- three participants' files had insufficient documentation to support the participant: (1) returned to full-time school, and/or (2) was attending school during JTPA enrollment for 120 days or one semester, and/or (3) had obtained a PIC approved YEC in BST or OST; and

- two participants did not return to full-time school.

4) Entered Non-Title II Training (ENT) Enhancement

The attainment of the ENT youth employability enhancement required that:

a. prior to termination, the participant entered occupational training not funded by JTPA Title II which builds upon Title II training,

b. the non-Title II training did not duplicate Title II training, and

c. the participant was retained in non-Title II training for 90 days or 200 hours prior to completion of II-C activities or received a certification of occupational skill attainment.

Eight of the nine ENT youth employability enhancements were questionable. In six cases, there was no evidence in the participants' case files to support the participants' enrollment in non-Title II activities. Some documentation existed for another participant but the support was inadequate to document the enhancement. Finally, another participant did not successfully fulfill the time requirement of 90 days or 200 hours of active non-Title II training prior to completing the JTPA activity.

Overall effect of our audit results

In our opinion, based on the significance of the rates of positive outcomes that were not documented, the OSY outcomes rates reported by the SPIR and included in the PY 1997 CFO Report were significantly lower than reported. While some of the undocumented outcomes may have, in fact, been attained, unless a reported outcome is documented, the outcome's veracity is not certain. However, we are certain the outcomes rates were not as high as reported, because many of the outcomes we classified as undocumented were, in fact, invalid based on evidence we reviewed.

The JTPA Title II-C OSY program's true effectiveness is probably somewhere between ETA's reported rates and the OIG's documented successes; i.e., positive outcomes are lower than ETA's reported, and some of the outcomes the OIG found not to be documented were no doubt attained. However, unless the outcomes are documented, the true effectiveness of youth training programs cannot be determined.

To meet both WIA program regulations and GPRA requirements that performance outcomes must be able to be validated/verified, significant improvement must be made by all parties -- the service deliverers, Workforce Investment Boards, states, and the ETA -- involved in the current WIA program to ensure that reported performance outcomes are accurate for current and future youth programs' outcomes reporting.

We recommend the Assistant Secretary for Employment and Training:

- Notify all states and substate WIA grantees of the audit results and emphasize the necessity for states and their grantees to validate outcomes data as part of their monitoring programs and training provider eligibility determinations.

- Emphasize to the states and substate grantees the importance of documenting not only reported outcomes but also specific services provided, dates services were provided, and **actual** program exit date -- date of last activity.

- Include in ETA's monitoring program a review of the states' and substate WIA grantees' implementing such a data validation effort.

ETA's Response to Our Draft Report:

With regard to our specific recommendations, the Deputy Assistant Secretary for Employment and Training stated:

> *. . . ETA will issue a program guidance letter informing the States of the findings and recommendations contained in this report. States will be asked to inform their WIA substate grantees of the audit findings. . . . [ETA] will encourage States and their grantees to include outcome data validation as part of their program reviews. . . .*
>
> *. . . the report does not clearly identify the standards of documentation that were applied. It would be helpful if the report could do so and could acknowledge the extent to which these standards are consistent with previous guidance issued under either JTPA or WIA. . . .*
>
> *. . . Under WIA regulations, monitoring of subrecipient or substate activities is primarily a State responsibility.*
>
> ***At the federal level, ETA's regional staff have primary responsibility for ongoing program oversight and monitoring. We will convey the findings of the report to our regional staff and instruct them to work with their States in implementing data validation efforts as part of the States' oversight of their WIA substate grantees. We will also instruct regional staff to include this area in any program reviews at the State level.***

In ETA's additional comments, the Deputy Assistant Secretary stated:

> *The report states that 38 terminees were found to have no wage records and the "employer confirmed (they) did not employ (the) participant." . . . We recommend that the report explain the steps taken to verify employment outcomes and acknowledge the difficulty of verifying employment outcomes not reflected in the wage record system some two years after they are reported.*
>
> *Unfortunately the solution to documentation and verification issues is not as simple as issuing more explicit guidelines or conducting additional data validation reviews. We are mindful that a core principle of the reforms under WIA is to improve services to youth. We also need to acknowledge the administrative burden imposed on the programs to collect extensive documentation. . . . It could be counterproductive to the purposes of WIA if administrative requirements become so burdensome that they are a deterrent to the delivery of program services.*

Auditor's Conclusion:

We agree with ETA's plan to get the audit findings out to the states. With respect to ETA's plan to encourage states to include outcomes' data validation as part of their monitoring programs, we believe ETA needs to take stronger action than simply

encouraging the states to validate data, since both WIA and GPRA requires that reported outcomes be verifiable.

ETA's response raised the issue of what documentation standard the OIG used in this audit. We used ETA's SPIR reporting requirements and the SDAs' instructions to their staff and service providers through their annual plans or service provider agreements. The majority of the SDAs utilized the SPIR's reporting requirements as the basis for their reporting; however, in many cases, SDAs supplemented the SPIR requirements with their own. As a result, we cannot provide all the criteria used to evaluate the adequacy of the documentation. However, we reviewed each participant's file and reported outcomes using SDA-furnished criteria and SPIR instructions, and found documentation of participation to be a significant problem no matter what criteria we applied.

With respect to the Deputy Assistant Secretary's response to our recommendation regarding the scope of ETA's monitoring, we recognize that, as ETA points out, the monitoring of sub recipient or subspace activities is primarily a State responsibility under the WIA regulations. However, the Secretary is authorized to monitor all recipients and subrecipients. Further, DOL's uniform administrative requirements, found at 29 CFR Parts 95 and 97, require grantees to monitor subgrants, and Part 97 (which applies to governmental entities, including states) specifically requires grantees to monitor subgrants to assure performance goals are being achieved. As only valid outcomes count toward the determination of goal achievement, we believe such outcomes must be verified by the states.

ETA's additional comments requested further information on our procedures to verify employment. We obtained wage records for all sampled participants. We reviewed the wage records to verify the reported employment. If the employer appeared on the participant's wage record, we considered the placement valid. If the employer was not on the participant's wage record but the participant had wage records for any other employer in the termination quarter, we considered the reported "entered unsubsidized employment" outcome to be valid. In some cases, SDAs had written employer verifications, which we accepted.

For participants whose wage records did not verify employment, we attempted to contact the employer by phone. If we were successful, we talked to the employer's human resource officer or the owner. If the employer verbally confirmed the employment, we considered it to be valid. If the employer stated the participant was not hired, we considered the reported employment invalid. As stated in the report finding, in our opinion, failure to verify unsubsidized employment through two sources of information – wage records and employer confirmation – was significant evidence that the participants were not employed. When both sources indicated no employment occurred, we considered the outcomes invalid.

We disagree with ETA's suggestion that we are calling for extensive documentation, which ETA believes could burden both the programs and employers to the point of becoming counterproductive and a deterrent to service delivery. We believe the burden would have been minimal, and subsequent validation more easily accomplished, if the SDAs had: obtained adequate documentation (from the participant, school and/or employer) at the time an outcome occurred; maintained such documentation in the participant file; and reported only documented outcomes.

2. Participants' Post-Program Earnings Were Affected by Program Interventions and Level of Participants' Participation.

We found that post-program earnings for youth who participated in OST activities were twice that of those who did not. In addition, for those OST participants who completed the OST activity, post-program earnings for the 2-year period after termination were 69 percent higher than for those who did not complete the OST activity.

Another audit objective was to determine whether the individual service strategy (ISS) was being used to provide training or services to specifically address participants' employment barriers and to determine if the provided interventions impacted post-program earnings. Many identified barriers were not addressed because of the program's limitations and because participants refused to participate, both issues outside the SDAs' control. The SDAs did enroll the majority of participants in activities to address the barriers, but the participants did not complete approximately half the activities.

A. Post-program earnings were directly impacted by the type of training a participant received.

This audit revealed that post-program earnings for OST youth were twice that of those who did not participate in OST. Our 499 participant sample included 371 participants that were enrolled in at least one OST activity during their JTPA enrollment. Table 2.1summarizes the results of our analysis of post-program earnings for all of the 499 sampled participants who had earnings.

Table 2.1
Average Earnings for Individuals Based in Occupational Skills Training

	Quarters After Termination								
	1st Four Quarters			2nd Four Quarters			2 Years Combined		
OST	No.	Quarterly	Annual	No.	Quarterly	Annual	No.	Quarterly	Annual
Yes	321	$2,787	$9,291	301	$3,173	$10,323	340	$2,904	$17,910
No	101	1,564	4,818	94	1,651	5,047	112	1,558	8,580
All	422	$2,494	$8,220	395	$2,811	$9,068	452	$2,570	$15,599

As stated earlier, the differences in earnings between those participating in OST and those who did not are significant. Both tables 2.1, above, and 2.2, on the next page, show higher earnings for OST participants.

Table 2.2 shows that, regardless of the combination of services a participant receives, OST participants fare better than non-OST participants.

Table 2.2
Occupational Skill Training's Impact on Participants' Earnings

Training Received			Participant Averages					
			1st Four Quarters After Termination (1st Year)			2nd Four Quarters After Termination (2nd Year)		
OST	BST	JS/JR	No.	Quarterly Earnings	Annualized Earnings	No.	Quarterly Earnings	Annualized Earnings
Yes	Yes	Yes	44	$2,223	$7,160	43	$2,741	$9,388
		No	33	2,641	8,630	34	3,075	9,649
	No	Yes	104	2,962	9,678	92	3,351	11,087
		No	140	2,868	9,828	132	3,216	10,269
No	Yes	Yes	44	1,396	4,176	42	1,147	3,011
		No	35	1,547	4,819	35	1,916	6,416
	No	Yes	21	1,838	5,842	16	2,259	6,760
		No	1[4]	3,835	11,506	1	3,810	15,240

Table 2.2 shows the combination of training activities participants can be enrolled in while in JTPA. As highlighted in the table, a participant receiving OST and JS/JR training earned on average $9,678 for the first four quarters after termination while the participant enrolled in BST and JS/JR earned only $4,176. The gap between these two groups is much greater for quarters five through eight after termination; the OST and JS/JR groups earnings increased 15 percent to $11,087 while the BST and JS/JR groups earnings decreased 28 percent to $3,011.

We also evaluated the post-program earnings impact of participants completing the OST activity. For those OST participants who completed the activity, we estimate **post-program earnings for the 2-year period after termination to be 69 percent higher than for those who did not complete the activity** -- $26,098 to $15,454.

[4] Participant was a 20-year old high school graduate who received no training or services during JTPA enrollment.

B. Almost half of the training activities to address participants' barriers were not completed.

The purposes of the objective assessment and the ISS are to identify a participant's barriers and then create a strategy to address those barriers.

20 CFR 628.515 requires an objective assessment be performed on each participant. Objective assessment, per 20 CFR 628.515(b), *means an examination of the capabilities, needs, and vocational potential of a participant and is to be used to develop an individual service strategy and employment goal. . . .* 20 CFR 628.520 indicates that an ISS will be developed for each participant as a cooperative effort between the SDA/service provider and the participant.

We estimate:

- 98.6 percent had an ISS of which:
  - 86.7 percent had an employment goal.
  - 87.3 percent had appropriate achievable objectives.
  - 86.2 percent had intervention plans to address the participants' barriers.

We attempted to compare ISS-identified employment barriers to the training and services participants received. We combined training activities into the following three categories: (1) basic skills, (2) occupational skills, and (3) job-seeking/job-retention (job-related/readiness) skills. Each of these categories is defined as follows:

Definition of Training Categories Used in this Report

Basic Skills Training (BST) includes: basic skills, GED preparation, remedial education, and English as a second language.

Occupational Skills Training (OST) includes: on-the-job training, work experience, cooperative education, limited-internships, college/Jr. college courses, and vocational/technical school.

Job-seeking/Job-retention Skills Training (JS/JR) includes: preemployment/work maturity, job clubs/job search assistance, coaching/counseling, and other seminars and workshops provided by the SDAs or their service providers.

Although participants had many types of barriers identified, we concentrated on the impact JTPA training had on four barriers.

- basic skills deficiency,
- high school dropouts,
- lacks work experience/training, and
- lacks job-seeking and/or job-retention skills.

Table 2.3 presents the primary interventions participants in our sample received to address their barriers. Because the majority of the participants have more than one barrier, the individual totals will not add to the number of participants in the sample.

Table 2.3
Barriers and Interventions

Barriers	No.	Interventions					
		BST		OST		JS/JR	
		Enrolled	%	Enrolled	%	Enrolled	%
Basic Skills Deficient	289	144	49.8%	193	66.8%	156	54.0%
School Dropout	221	152	68.8%	121	54.8%	139	62.9%
Lacks WE/OST	309	119	38.5%	237	76.7%	167	54.0%
Lacks JS/JR Skills	156	48	30.8%	139	89.1%	95	60.9%

As can be seen from the above table, the SDAs appeared to try to address participants' barriers by enrolling them in related activities. For example, almost 50 percent of those with basic skills deficiencies and almost 70 percent of high school dropouts received basic skills training; almost 80 percent of those who lacked work experience or occupational skills received some occupational skills training; and 60 percent of those who lacked job seeking/job related skills received services in that area.

However, enrollment in an activity did not ensure that participants received the necessary skills to overcome their barriers because many did not complete the activity. We found that **59 percent of the BST activities and 49 percent of the OST activities were not completed**.

We did not determine why participants did not complete the activities in which they were enrolled. However, one characteristic of high-risk youth is a continual state of flux, with major changes occurring in their lives or the paths they choose to take almost daily. While these high-risk youth may be hard to work with, it is evident that youth participants who

receive OST have higher earnings than those who do not. Also, those who complete the activity have higher earnings than those who do not. Consequently, to increase the potential for earning levels that will allow youth to be self-supporting, it is critical for the WIA youth program to find ways to keep youth actively participating in the program to completion.

We recommend the Assistant Secretary for Employment and Training emphasize the importance of the WIA program's not only enrolling youth in occupational skills training activities, but also finding ways to keep them actively participating in the program to completion, to maximize their post-program earnings.

ETA's Response to Our Draft Report:

> *We will include this emphasis in the . . . program guidance letter disseminating the findings of the audit. We also issue program guidance information each year, typically about the summer employment opportunities program. This year we plan to issue comprehensive guidance on youth services under WIA and will include a section in this guidance letter on retention of participants. While we concur with the need to focus on retention strategies, it is also important to understand that these programs serve some of the most challenging youth. Many economically disadvantaged, out-of-school youth face multiple barriers to successful transition into the work force. . . .*

Auditor's Conclusion:

We agree with the Assistant Secretary's planned actions regarding this finding.

APPENDIX I

PRIMARY CRITERIA FOR YOUTH EMPLOYABILITY ENHANCEMENTS

In order to attain a youth employability enhancement, a participant must have 1) accomplished two of three PIC-defined youth competencies; 2) returned to full-time school; 3) achieved a major educational level; or 4) entered other non-Title II training. Each enhancement is discussed below:

1. Youth competencies (must accomplish two of three PIC-defined) include:

   - pre-employment/work maturity skills,
   - basic academic skills, or
   - job specific skills.

2. Return to full-time secondary school (e.g., junior high, middle, or high school).

   - Prior to JTPA termination the participant must have remained in school for one semester or at least 120 calendar days after becoming a JTPA participant.

   - SDAs must demonstrate that retention results from continuing, active participation in JTPA activities, and the youth must:

     - be making satisfactory progress in school based on a written policy. [The policy should define both qualitative (e.g., performance on a criterion-referenced test or a grade point average) and quantitative (e.g., a time limit for completion of the program or course of study). Under mitigating circumstances, some participants not meeting the standards may be considered as making satisfactory progress during a probationary period.] (Per SPIR instructions.)

     - for youth aged 16 through 21, attained either a PIC-approved basic academic skill or job specific skill competency; and

     - for youth aged 14 through 15, attained either a PIC-approved basic academic skill or pre-employment/work maturity competency.

3. Completed major educational level -- both secondary and post secondary.

   - Must result primarily from active JTPA participation of at least 90 days or 200 hours, usually prior to such completion, and

     - for high school graduate or GED recipient, must be supported by a diploma or GED certificate or equivalent, and

     - for post secondary accomplishment, requires a diploma or other written certification of completion at the post-secondary level.

4. Entered non-JTPA Title II training.

   - Must have been retained in the non-JTPA program for at least 90-calendar days or 200 hours or must have received a certification of occupational skill attainment.

   - Must not have received JTPA Title II services while in non-Title II training.

APPENDIX II

Sampling Plan

The sampling plan for the audit was based on national populations of 1) SDAs and 2) JTPA Title II-C out-of-school youth program participants who met the following criteria:

- received a positive termination from the program -- either entered unsubsidized employment or attained an employability enhancement -- between, and including, July 1, 1997, and June 30, 1998, and
- the SPIR identified as out-of-school at the time of enrollment.

The source of these populations was the PY 1997 SPIR computer file provided by Social Policy Research Associates (SPRA). SPRA maintains the national SPIR system under contract with the U.S. Department of Labor, Employment and Training Administration.

We used a two-stage sampling plan based on a two-sided 95 percent confidence level, expected error rate of 50 percent, and precision of ± 5 percent. First, DOL regions were combined into four geographic areas identified as stratum in the table below. Based on the number of SDAs in each stratum, a random sample of SDAs was selected. Second, a random sample of participants was selected for each sampled SDA. There were 634 SDAs with 35,323 participants who met our audit criteria. The following table displays the resulting sampling plan.

Stratum	DOL Regions	SDA Universe			SDA Sample			Part. Sample Size	Total Part. Sample
		No. of Participants 1-100	101+	All	No. of Participants 1-100	101+	All		
1	1, 2, 3	144	12	156	6	2	8	16	128
2	5,7	185	26	211	9	2	11	16	176
3	4, 6, 8	160	11	171	7	2	9	16	144
4	9, 10	80	16	96	4	2	6	16	96
Total		569	65	634	26	8	34	16	544

As shown in the prior table, we randomly selected a sample of 34 SDAs and 16 participants for each SDA. The total sample size was 544 participants, however, as shown below, several of the SDAs did not have 16 participants that met the audit criteria. In

those cases we reviewed all participants who met the audit criteria. Total participant files reviewed was 510. The sample is identified below.

SDA Sample

Name	Size	Name	Size
Western Arkansas Consortium	16	Lansing/Tri County E & T	16
Balance of Santa Clara County	16	Muskegon/Oceana Consortium,	16
Shasta County, CA	16	Central Mississippi SDA, MS	16
San Benito County, CA	7	Greater Lincoln Consortium, NE	16
Anaheim City in Orange County,	3	Union County, NJ	14
Jefferson County Consortium, CO	16	Ocean County, NJ	16
Pasco-Hernando JEP 16, FL	16	Eastern Carolina SDA, NC	16
Polk Workforce Development	16	Cincinnati City in Hamilton	16
Workforce Council of South	16	Montgomery/Preble/Dayton	16
Honolulu City/County, HI	16	Portage County, OH	16
Mayor's Office of E & T, IL	16	Ohio 18 Consortium, OH	16
Northeastern Indiana SDA, IN	16	Northern Tier Consortium, PA	16
Rapides Parish, LA	9	SDA # 9 Catawba SDA, SC	16
Louisiana District I	16	JSTD 5, Cleveland, TN	16
Baltimore County, MD	16	City of Richmond, VA	13
Prince Georges County, MD	16	The Pacific Mountain, WA	16
Northern Middlesex Consortium,	16	Northeast Consortium, PR	16

APPENDIX III

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210

MAR 7 2001

MEMORANDUM FOR JOHN J. GETEK
Assistant Inspector General for Audit

FROM: RAYMOND J. UHALDE
Deputy Assistant Secretary for Employment and Training

SUBJECT: Performance Audit of Job Training Partnership Act, Title II-C, Out-of-School Youth Program Draft Audit Report No. 06-01-001-03-340

Thank you for providing the subject report and the opportunity to provide comments. I want to thank you and your audit staff for your willingness to work with our program staff in completing this draft audit report. Overall, we found the report to contain findings that were clearly articulated, well-presented, and supported by the facts derived from the sample you reviewed.

We agree that performance results must be credible. If the reality or the perception is that programs are not reporting accurately, the system's integrity is at stake. Therefore, the Employment and Training Administration (ETA) is committed to developing clear, precise, and feasible standards for documenting program outcomes. ETA's new data validation initiative is attempting to create both more precise programming specifications and also more precise standards for validating data quality. ETA expects the validation system to be designed and pilot-tested by September, 2002.

Following is our response to each of the specific recommendations in the report as well as additional comments about the findings contained in this report.

RECOMMENDATIONS:

- Notify all States and substate WIA grantees of the results of this audit and emphasize the necessity for states and their grantees to include outcomes data validation as part of their monitoring programs and service provider certification programs.

- Emphasize to the states and substate grantees the importance of documenting not only reported outcomes but also specific services provided, dates services were provided, and actual program exit date - date of last activity.

RESPONSE:

- When the report is final, ETA will issue a program guidance letter informing the States of the findings and recommendations contained in this report. States will be asked to inform their WIA substate grantees of the audit findings. In addition, we routinely post our formal guidance letters on our web site. In this same directive, we will encourage States and their grantees to include outcome data validation as part of their program reviews. Note that while local Boards are responsible for oversight of providers, there is no requirement for "service provider certification" under WIA. We will recommend that subcontracts with service providers include a provision for maintaining accurate case records, including recording of outcome data.

- The audit report cites several legislative and other federal guidelines that mention documentation requirements to support. However, the report does not clearly identify the standards of documentation that were applied. It would be helpful if the report could do so and could acknowledge the extent to which these standards are consistent with previous guidance issued under either JTPA or WIA.

RECOMMENDATION:

- Include in ETA's monitoring program a review of the states' and substate WIA grantees' implementing such a data validation effort.

RESPONSE:

- Section 667.400 of the WIA regulations outline federal, state and local responsibilities for oversight and monitoring. Section 667.400 (a) stipulates that Federal oversight will be conducted primarily at the recipient (i.e. State) level. Section 667.400(c) outlines recipient and subrecipient monitoring of grant-supported activities. Under WIA regulations, monitoring of subrecipient or substate activities is primarily a State responsibility.

- At the federal level, ETA's regional staff have primary responsibility for ongoing program oversight and monitoring. We will convey the findings of the report to our regional staff and instruct them to work with their States in implementing data validation efforts as part of the States' oversight of their WIA substate

grantees. We will also instruct regional staff to include this area in any program reviews at the State level.

RECOMMENDATION:

- **Emphasize the importance of the WIA program's not only enrolling youth in occupational skills training activities, but also finding ways to keep them actively participating in the program to completion, to maximize their post-program earnings.**

RESPONSE:

- **We will include this emphasis in the above mentioned program guidance letter disseminating the findings of the audit. We also issue program guidance information each year, typically about the summer employment opportunities program. This year we plan to issue comprehensive guidance on youth services under WIA and will include a section in this guidance letter on retention of participants. While we concur with the need to focus on retention strategies, it is also important to understand that these programs serve some of the most challenging youth. Many economically disadvantaged, out-of- school youth face multiple barriers to successful transition into the work force. In addition, for many youth, the process of moving from adolescence to adulthood is characterized by numerous impediments and it is only over time that they mature and become productive citizens.**

ADDITIONAL COMMENTS:

The report states that 38 terminees were found to have no wage records and the "employer confirmed (they) did not employ (the) participant." There is no evidence provided in the audit report of the thoroughness of attempts to obtain verification of two year old employment data from the employer. Given that there may be multiple employer sites, turnover in employment staff, and other factors that could result in a false negative outcome, it is difficult to determine the accuracy of this specific audit finding. The report partially acknowledges this by indicating that "some of the outcomes that were documented may have, in fact, been attained." We recommend that the report explain the steps taken to verify employment outcomes and acknowledge the difficulty of verifying employment outcomes not reflected in the wage record system some two years after they are reported.

We also suggest that the report be revised to refer to the JTPA regulatory requirements in the past tense. It is confusing as currently drafted. Some examples are on pages 4, 5, and 9.

Unfortunately the solution to documentation and verification issues is not as simple as issuing more explicit guidelines or conducting additional data validation reviews. We are mindful that a core principle of the reforms under WIA is to improve services to youth. While we need to insure the integrity of our reported program outcomes, we also need to acknowledge the administrative burden imposed on the programs to collect extensive documentation. An additional problem is the burden on the employer community. Employers may be reluctant to work closely with workforce development programs if they perceive too great a burden in providing evidence of employment. It could be counterproductive to the purposes of WIA if administrative requirements become so burdensome that they are a deterrent to the delivery of program services.

Again, we appreciate the opportunity to work with you in preparing this report as well as the opportunity to provide these comments. Please contact me if you need further information.